

# MINUTES: ENERGY COUNCIL MEETING

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**Meeting purpose** Monthly Energy Council Meeting to discuss program priorities and leveraging opportunities with Utility Providers

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**Date, time, and place** Date: April 10, 2008  
Time: 10:00 – 3:00  
Place: CSD, King Conference Room

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**Attendees** **Energy Council Attendees:**

Arleen Novotney (SoCal Forum), Kathy Kifaya (SoCal Forum), Alex Sotomayor (ACCES), Edward Ocampo (ACCES), Lousie Perez (ACCES), Val Martinez (ARNCEP), Linda McQueen (ARNCEP), Dennis Osmer (LSPC), Bill Parker (BAPRC)

**CSD Attendees:**

Lloyd Throne, Renee Webster-Hawkins, Helga Lemke, Jason Wimbley, and Kathy Ely

**Utility Company and California Public Utilities Commission (CPUC) Attendees (attendance was from 1:00-3:00):**

Gregg Lawless (SD&E), Jim Lucas (SoCal Gas), Frances Thompson (PG&E), Roberto Del Real (SCE), Yvette Vazquez (SDG&E/SoCal Gas) Mauricio Blanco (SCE), Daniel Olson (CPUC), Johanna Sevier (CPUC)

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**Topics discussed** The table below identifies the topics discussed in the meeting and the person who led each discussion.

Topic	Discussion Leader
Funding Formula	Val Martinez
Solar Update	Arleen Novotney
2008/2009 LIHEAP Contract changes	Kathy Kifaya
Leveraging	Val Martinez

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## **Funding Formula**

Val Martinez recapped the discussion that took place on 4/9 with the Funding Formula sub-committee as follows:

- Proposal was presented by Alex Sotomayor to run an allocation using base level funding concept plus three factor formula, which will be presented in spreadsheets produced by CSD. A focused discussion will be held when the spreadsheets are available.
- Base level funding will be run in increments of 150K, 180K, 200K, 225K, and 250K.
- We will look at historical data to establish who is spending and who is not.
- Determine how carryover will be factored in.
- If you have any question then please provide questions to Val or Renee

Jason Wimbley advised that the spreadsheets will be available in several weeks.

Val Martinez advised that the sub-committee also proposed that a panel discussion will be held at the next LIHEAP Service Providers meeting (May 1, 2008) to assist agencies with prioritize services.

Val Martinez advised that the sub-committee will consider triggers in the proposed funding formula to include:

- Evaluate contract production and carryover policy
- Re-allocation of funding due to poor performance
- Base allocation by county or service territory

Linda McQueen questioned the data source for the climate factor. Jason Wimbley advised that the data collected for the LIHEAP Agency Plan was pulled from the California Energy Commission. The Energy Council group all agreed that it is difficult to find climate data – weather stations are remotely located and not necessarily near a population.

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### Solar

Renee Webster-Hawkins advised that a meeting was held with William Weld representing Morgan Stanley out of New York along with Martin Mobley, Vice President, Douglas Kiviat, Executive Director, and Agency representatives Lorna Fong, Frank Furtek, Ann Boynton. The following represents the highlights of the meeting:

- Morgan Stanley is interested in exploring a private-public partnership with CSD. There is considerable press with investors interested in the market of getting solar on commercial and residential roofs and learning the results in this area to replicate around the world. Their initial interest in low-income single family CSI program came from primary concern that individual homeowners would not be able to participate and they saw the opportunity to fill this gap.
- Morgan Stanley seeks the ability to claim tax credit, renewable energy credits, carbon credits, and aggregate energy generation and daily usage data to sell in global market.
- Morgan Stanley was well prepared and understood CSD's interest in submitting a bid to become the program administrator, and had a good sense of how the network functions. They presented a proposal on how they could partner with CSD and were very open to changing and adapting the partnership based on information from CSD. They were very sensitive to the services to low-income.

Lloyd Throne indicated that Morgan Stanley is being very aggressive in this field. Renee Webster-Hawkins advised that they want to hit the ground running, which will assist CSD/service providers in terms of start up. Morgan Stanley is interested in creating a solid program. They are very interested in making sure the client understands how the system works and what to do when there is a malfunction.

Helga Lemke questioned if Morgan Stanley has considered issues with roof repair. Renee Webster-Hawkins advised that minor home repair is a consideration and part of the economic model. Linda McQueen suggested that we could expand the Minor Envelope Repair measure to allow for repairs necessary to install solar systems. Renee Webster-Hawkins indicated that the cost of roof repair beyond "minor" is an open and unresolved concern. Energy Council expressed that we should make sure that LIHEAP is a complimentary program and source of funding for CSI and not primary. Energy Council agreed that roof repair and replacement will probably be a primary concern since the PV systems will be heavier. We should explore

other funding sources.

Jason Wimbley indicated that Sacramento Municipality Utility District (SMUD) advised that they are moving towards more light weight system. SMUD is considering leasing systems, which will give flexibility for the homeowner to be able to remove equipment if no longer interested .

Renee Webster-Hawkins wants to make sure that the CSD's application has the Energy Council supporting weatherization dollars throughout service territory. There was discussion on using Leveraging incentive dollars where the service provider does not want to participate.

Arleen Novotney suggested that non-participating agencies set aside a portion of weatherization funding. CSD would need to set policy to determine how many units non-participating agencies would have to do/fund.

Val Martinez suggested determining overall goals then figure out how many units in every county. The participating agencies would then discuss with non-CSI participants and coordinate services. The Energy Council decided that we should create policy for non-CSI participants and how they will need to allocate services.

Bill Parker asked about using Department of Energy (DOE) funds for these projects. Jason Wimbley advised that DOE is open to the idea of using funds to full fill energy efficiency that emphasizes electric base load measures and health & safety.

Helga Lemke asked how the outreach and marketing funds would be allocated. Renee Webster-Hawkins advised the allocation and design of the outreach program is open for discussion. Val Martinez suggested that outreach and marketing should be a standardized package deal for implementation statewide. Lloyd Throne indicated that education is critical to the low-income customer and should be a major component of the program.

Energy Council and CSD all agreed this is an opportunity that we cannot pass up. It will open doors to other program development opportunities and bring LIHEAP Service Providers into new energy markets.

Arleen Novotney via ACCES agreed to call all agencies prior to the next LIHEAP Service Providers meeting to make sure they understand the CSI program. A survey will be conducted to obtain feedback from the providers to learn obstacles. CSD will prepare survey questions.

Dennis Osmer asked what the link between CSI and LIEE is. Renee Webster-Hawkins indicated that CSI requires the home meet energy efficiency

standards prior to installing solar system. Jason Wimbley indicated that CSI is more on the energy efficiency side. Speaks to the energy audit that has to be performed.

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**Contract**

Kathy Kifaya advised that the contract sub-committee reviewed comments submitted by the service provider network in response to the 2008 Draft LIHEAP contract. A majority of the comments received were addressed in the final 2008 LIHEAP contract. The three major follow-up issues to address in either the 2008 or 2009 LIHEAP contract are as follows:

- Evaluate labor rate and update based on EDD information
- Evaluate measure reimbursement rates for possible increases
- Evaluate the feasibility to establish maximum averages

Jason Wimbley added that we will evaluate travel and water heater reimbursement. Timeframes are sensitive for those contract changes that impact IT; we need to make decisions by June 1, 2008, to implement in the 2009 LIHEAP contract. For 2008 LIHEAP contract, we need to decide what changes we want to make by the end April.

Kathy Kifaya advised the Energy Council if they have any technical comments or questions to refer those issues back to the existing contract sub-committee comprised of Kathy Kifaya, Bill Parker, Val Martinez, and potentially Bill Warren.

Attached to these minutes are the proposed contract changes, which will be discussed at a scheduled meeting on April 30, 2008.

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**Leveraging  
1:00 – 3:00**

This portion of the meeting focused on leveraging opportunities between LIHEAP and Utility program.

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**Purpose**

Lloyd Throne described the purpose of Energy Council and formation. The Energy Council Represents the entire energy service provider network comprised of forty-four agencies statewide. The function of the Energy Council is to work with and advise CSD.

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### **Define LIHEAP Services**

Val Martinez described how we interface with utilities with various services and coordinate services to customer. There are restrictions that we have with federally funded program such as 25% of the LIHEAP funding is limited to weatherization services.

Kathy Kifaya discussed preservation of low-income programs to keep them as distinct programs. Category of individuals and people that we serve are vulnerable and needy and we cannot allow for them to be lost in the sea of intent. As an outcome, we can reach agreement work together to create program processes and procedure to mutually work together to define new ways to serve our clients and integrate serves.

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### **Define Issues and Goals**

Val Martinez indicated that the Energy Council discussed expectations for leveraging and what it means to the service providers. Val Martinez read the definition of leveraging that the Energy Council developed (Attachment II).

Val Martinez expressed that the goal for today is to work with the utilities on developing leveraging opportunities. A starting point is to define together what leveraging means. We would like to see partnering of the funding; we would like a program that is mutually beneficial to both the service providers and the utilities. What it has felt like in the past is that LIEE was one direction and attempted to seek federal resources. Utilities weatherization programs relied on LIHEAP to take care of combustion appliances, replace/repair heating and cooling systems. There may be barriers in the utility program and how we can work together to remove the barriers.

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### **Open Discussion**

The Utilities described some core leveraging barriers between LIHEAP and LIEE programs as follows:

- Eliminate the measure minimums in each program and do what is best for the home
- Perform a single assessment for both the LIHEAP and LIEE programs, and determine which measures are suitable for each program.
- The LIHEAP pricing is completely different then LIEE pricing creating a barrier when decisions are made on which program to bill.

- LIEE restricts replacing or repairing furnaces in rental properties. This is the biggest differential and may be the cause of the significant increase in referrals to LIHEAP.
- LIEE program is energy efficiency first and health & safety second. PUC is emphasizing a more cost effective program.

The Utilities were interested in understanding how to encourage LIHEAP Service Providers to participate in the Utility weatherization programs, and how we can make the service providers more successful in leveraging between LIHEAP and LIEE.

Energy Council expressed many service providers in the northern part of the state do not participate for various reasons such as competitive bid process, subsidizing the program, in ability to receive data from Utilities, and pricing differential; thus making leveraging more difficult.

The Utilities were open to developing a leveraging definition that is applicable to the LIHEAP and LIEE programs and would need more time to digest the proposed definition.

Energy Council acknowledged that the refrigerator program works very well for leveraging. The difficulty in leveraging with LIEE is the restrictions placed on the utility program not providing heating services to tenants since many of our clients live in rental properties, and if this area could be revisited by the Utilities and the CPUC.

The Utilities advised that the CPUC made the determination to not provide heating services to rental unit since Civil Code 1941 requires the landlord to provide heat. The Utilities will provide air conditioning because it is not referenced in code.

Energy Council proposed a pilot project concept in which LIEE and LIHEAP create a fund equally funded by both programs. The service providers would perform complete weatherization services using this funding source. The Utilities would be billed for the measures that they normally put in and LIHEAP would cover the rest; versus using all LIHEAP funding for the large ticket items leaving no funding for small ticket items.

Utilities were concerned with the accountability of this concept since they are charged with accounting for every dollar spent and reporting energy savings. Energy Council stated that service providers are responsible for contract expenditures under LIHEAP that have established fixed fee attached and suggested that a contract could be developed with the Utilities that is based on electric base load measurers. The Utilities could then claim the savings from the leveraged unit.

The Utilities and Energy Council engaged in discussion on implementing a leveraging program by territory to fit the needs of the individual communities with the concept of leveraging that is statewide, and entering into leveraging contracts where the service providers provide full installation of measures and providing Utilities the ability to claim the energy savings for these units.

The Energy Council brought up another idea based on a prior program offered by a Utility provider where the service provider would receive an administration fee for providing weatherization services. The Utility discontinued this program because it was no longer cost-effective since the fee was coming out of their administration budget, and they were generating too many referrals causing customers tension when services could not be provided.

The Energy Council offered to mitigate these concerns by entering into individual contracts to guarantee a certain number of units would receive services so when the referral is received and the client/dwelling qualifies then services would be provided up to the contracted amount.

The Energy Council and Utilities decided to bring the pilot project and contracting idea up for further discussion at a future meeting.

The Energy Council indicated that the CPUC expressed a desire to expand measures that would be part of the new program. The Utilities offered the following as it relates to their program expansion to add new measures:

- Washer machine
- Microwaves
- Torchiere
- Occupancy sensors
- Night lights
- Education workshops and home displays
- Evaluating high-efficiency FAU in very Cold Climate Zones
- Pilot change out
- LED night lights
- Smart start shower head
- Clean and tune furnaces and new filter

Energy Council asked if the CPUC is willing to allow for the inclusion of renters for gas heating appliances if the landlord is willing to put 50% of the cost. CPUC said they would take it back for discussion. A suggested was presented to looking at structuring co-payment with landlord to make it cost effective.



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**Next Steps**

The Energy Council and Utilities agreed on the following next steps:

- Write up pilot project proposal
- Develop mutually agreed upon leveraging definition
- Develop summary of leveraging ideas and forward to each group
- Hold an in-person meeting on April 29 to review summary of leveraging ideas, discuss the pilot project, data sharing, and look at the leveraging definition. Group recommended inviting the CPUC to attend.

Meeting adjourned.

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### Decisions

The following represent key decisions made:

- Evaluate a base level funding concept
- Provide panel discussion on prioritizing services
- Brief the LIHEAP Service Providers on CSI program
- Determine 2008/2009 LIHEAP contract
- Present leveraging concepts at future meeting
- Develop leveraging definition

### Actions

The table below identifies the actions, responsibilities, and deadlines for implementing the decisions made during the meeting.

Action	Responsibility	Deadline
Create Base Level Funding Spreadsheets	CSD	May 15, 2008
Coordinate Panel Discussion on Prioritizing services	Val Martinez	May 1, 2008
Contact all LIHEAP Service Providers to ensure understanding of CSI and survey willingness to participate	Arleen Novotney	May 1, 2008
Prepare survey questions	CSD	April 25, 2008
Distribute LIHEAP Contract Matrix	CSD	April 17, 2008
Determine changes to 2008 LIHEAP Contract	Contract Sub-Committee	April 30, 2008
Determine changes to 2009 LIHEAP contract	Contract Sub-Committee	June 1, 2008
Summarize Pilot Project	Val Martinez	April 29, 2008
Develop leveraging definition in partnership with Utilities	Val Martinez	April 29, 2008
Summarize leveraging opportunities	Val Martinez	April 29, 2008

**Next meeting**

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May 8, 2008

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